

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

27 February 2018

TRAFALGAR NEW HOMES PLC
("Trafalgar", the "Company" or "Group")

Proposed acquisition of Beaufort Homes Ltd, proposed change of name and notice of General Meeting

Trafalgar (AIM: TRAF), the AIM quoted residential property developer operating in southeast England, announces that it has entered into a conditional agreement to acquire the entire issued share capital of Beaufort Homes Limited ("Beaufort Homes") (the "Acquisition"). The consideration for the Acquisition will be satisfied through the issue of 186,815,190 ordinary shares in the Company (the "Consideration Shares") to the owners of Beaufort Homes. The Company will shortly be posting to shareholders a circular (the "Circular") to convene a general meeting of shareholders (the "General Meeting") at which the Company will seek, *inter alia*, an increase in its share authorities to enable the issue of the Consideration Shares.

Beaufort Homes was established in October 2016 and has signed a number of option agreements for the acquisition of sites in southeast England which, subject to securing planning permission, would be developed into extra care and assisted living schemes. The UK population is aging, leading to a growing demand for specialised housing for the elderly, and an increasingly favourable planning environment. Beaufort intends to develop units for purchase by owners, who would then receive extra care in their own homes.

At the General Meeting, the Company will also be seeking shareholder approval for a change in the Company's name to Trafalgar Property Group plc, in order to more accurately reflect the strategy of the enlarged group, as well as seeking approval for a share capital reorganisation. Extracts from the Circular, which include further details on Beaufort Homes, the Acquisition, the proposed change of name and the share capital reorganisation are included below. A copy of the Circular will shortly be made available from the Company's website, www.trafalgarnewhomes.co.uk.

Notice of general meeting

The general meeting will be held at the offices of Allenby Capital Limited, 5 St. Helen's Place, London, EC3A 6AB at 10:00 a.m. on 16 March 2018.

Commenting on the acquisition, CEO, Chris Johnson, said: "*The Board believes that the acquisition of Beaufort Homes will be transformational for the business. The team at Beaufort Homes has an extensive track record and the acquisition, which brings with it a number of exciting development opportunities, is a logical step given the UK's growing retirement demographic and the increasing demand for assisted living properties.*"

Enquiries:

Trafalgar New Homes Plc +44 (0) 1732 700 000
Christopher Johnson

Allenby Capital Ltd - Nominated Adviser and Broker +44 (0) 20 3328 5656
Jeremy Porter/James Reeve

Yellow Jersey PR Limited +44 (0) 7747 788 221
Charles Goodwin / Abena Affum

Notes to Editors:

Trafalgar New Homes is the holding company of Combe Bank Homes, a successful residential property developer operating in the southeast of England. The founders of Combe Bank Homes have a long track record of developing new and refurbished homes, principally in Kent.

The Company's focus is on the select acquisition of land for residential property development. The Company outsources all development activities, for example the obtaining of planning permission, design and construction, and uses fixed price build contracts, enabling it to tightly control its development and overhead costs.

Extracts from the Circular

The following has been extracted from, and should be read in conjunction with, the Circular to shareholders, which will shortly be made available for download from the Company's website, www.trafalgarnewhomes.co.uk.

LETTER FROM THE CHAIRMAN

1. Introduction

On 27 February 2018 the Board announced that the Company has conditionally agreed to acquire the entire issued share capital of Beaufort Homes in consideration for the issue of the Consideration Shares, in accordance with the Acquisition Agreement.

Beaufort Homes was established in October 2016 and has signed option agreements for the acquisition of land and property for the development of extra care and assisted living housing schemes, subject to planning permission. The UK population is aging, leading to a growing demand for specialised housing for the elderly. Beaufort Homes intends to develop units for purchase by owners, who would then be able to receive extra care in their own homes. Further details on Beaufort Homes are set out in paragraph 3 of this letter.

The consideration for the Acquisition, in accordance with the Acquisition Agreement, is to be satisfied through the issue of the Consideration Shares to the Sellers which will represent, in aggregate, approximately 43.94 per cent. of the Enlarged Share Capital. Further details on the Acquisition Agreement are set out in paragraph 4 of this letter.

On completion of the Acquisition and from Admission, the Company will have a market capitalisation of approximately £3.48 million based on the market price of the Ordinary Shares of 0.82p per share at the close of business on 23 February 2018, being the latest practicable date prior to the date of the Acquisition Agreement.

The Acquisition is conditional upon, *inter alia*, the Resolutions (apart from Resolution 3) being passed at the General Meeting and on the admission of the Consideration Shares to trading on AIM. If the Resolutions are duly passed at the General Meeting and the other conditions set out in the Acquisition Agreement are met, then it is expected that the New Ordinary Shares and the Consideration Shares will be admitted to trading on AIM with effect from 8.00 a.m. on 19 March 2018 and completion of the Acquisition will take place concurrently.

As the current market price on AIM for the Ordinary Shares is less than their nominal value, the opportunity is being taken to reorganise the share capital by subdividing the Ordinary Shares of 1p into Ordinary Shares of 0.1p and Deferred Shares of 0.9p. Further details of the Share Reorganisation are set out in paragraph 9 below. The Directors are therefore proposing resolutions at the General Meeting to renew authorities to issue new Ordinary Shares pursuant to CA 2006 to reflect the Share Reorganisation and the Acquisition.

Following the Acquisition, the Group will have two distinct business divisions – Beaufort Homes and the Group's existing business, trading as Combe Bank Homes. It is therefore proposed to change the name of the Company to "Trafalgar Property Group plc". The Enlarged Share Capital will continue to trade under the AIM symbol "TRAF" and with ISIN GB00B0SP7491 and LEI 2138005RIYTPKQ386I20.

The Directors consider that the acquisition of Beaufort Homes by the Company is an exciting opportunity and consider that the Acquisition is in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Shareholders should note that if any of the Resolutions are not passed (apart from Resolution 3), the Acquisition will not occur.

The purpose of this document is to provide you with the background to the Acquisition and the Resolutions to be proposed at the General Meeting, and to explain why the Directors consider the Acquisition to be in the best interests of the Company and Shareholders as a whole, and why the Directors recommend that Shareholders should vote in favour of the Resolutions at the General Meeting. Further details on the Resolutions are set out in paragraph 11 of this letter.

2. Background to and reasons for the Acquisition

The UK population is expected to increase by approximately 3.3 million in the next decade, before reaching 70 million in 2029. The UK population is expected to continue ageing over the next few decades, with the numbers of those aged 85 and over expected to double over the next 25 years. By 2041, it is projected that those aged 60 and over will account for 29.9% of the total population.

The Directors consider that this increase in the aging population in the UK will lead to an increased demand for specialised housing for the elderly and that the Acquisition provides the Group with the opportunity to pursue development opportunities in the assisted living sector, utilising the significant experience of the Sellers.

The Board has been exploring opportunities to grow the Company through acquisition and expand its long-term pipeline of property development projects. The Directors consider that, with its growing portfolio of property development opportunities and the experience of its management in the assisted living sector, the acquisition of Beaufort Homes by the Company is an exciting opportunity and in the best interests of the Company and Shareholders as a whole.

3. Information on Beaufort Homes

Beaufort Homes was established in October 2016 by Dan Stocks and Paul Treadaway, both of whom have an extensive history and experience in land assembly and residential development. They have been instrumental to date in securing sites under option for these types of schemes.

The percentages of the UK population over 65, and over 85, are increasing. The directors of Beaufort Homes consider that the supply of specialised housing for the elderly is limited and is predominantly arranged on a rental model. The directors of Beaufort Homes consider that there is an opportunity to develop extra care and assisted living for elderly owner-occupiers, and they intend to initially focus on affluent urban areas in southwest London and Surrey, with higher owner occupancy and where they consider there to be higher growth in the over 65 years age bracket.

The principal models of housing and care for the elderly in the UK are:

- Residential care homes – providing a wide range of care provision, driven by dependency. This is a licenced occupancy rental model.
- Retirement living – providing warden cover and monitored alarms., This includes leasehold, rental and shared ownership models, often in semi-rural “village” developments focused on the active elderly in their 70s.
- Assisted living and extra care – providing independently owned apartments on a long leasehold ownership model with service charges to cover the costs of domiciliary services. Additional care services are provided through a 24/7 onsite care operator. This model is appropriate for the over 80s, in urban and suburban locations.

Beaufort Homes intends to develop properties on the “assisted living and extra care” operating model. Domiciliary services available under assisted living schemes can include the provision of meals, a communal living space, cleaning services and health and beauty services.

Beaufort Homes has entered into option agreements to acquire 13 properties and is in negotiations to enter into option agreements to acquire further sites. In each case the exercise of the option is subject to the grant of planning permission for the redevelopment of the sites. The option agreements currently entered into would create two sites for development into assisted living schemes and one site for residential redevelopment (subject to the grant of appropriate planning permissions). The three sites are as follows:

Surbiton, Surrey

Beaufort Homes has options to acquire six adjacent properties for an aggregate purchase price of £4.83 million, subject to receiving planning permission. Plans have been drawn up for the development of the site into a 70 unit assisted living scheme, which has been submitted to the local authority as a pre-planning application. The options are exercisable up until the expiry dates, which range from 23 October 2018 to 31 October 2018.

Surbiton, Surrey

Beaufort Homes holds options to acquire five adjacent houses for an aggregate purchase price of £6.6 million, subject to receiving planning permission. This site is proposed to be developed into an assisted living scheme comprising 65 units. A pre-planning application has been submitted to the local authority in respect of this scheme. The options are exercisable up until the expiry dates, which range from 26 July 2018 to 31 October 2018.

Chessington, Surrey

Subject to receiving planning approval, Beaufort Homes has options to acquire two properties for an aggregate consideration of £1.325 million. Architects' drawings have been prepared for the redevelopment of the site into 12 properties, comprising six semi-detached houses and two maisonettes. A formal planning application has recently been submitted on this basis. The options are exercisable up until the expiry dates, which range from 2 May 2018 to 9 May 2018.

Financial information on Beaufort Homes

Based on Beaufort Homes' most recently available unaudited management accounts, in the period from 17 October 2016 to 31 October 2017, Beaufort Homes did not record any revenue and recorded a loss before taxation of £13,316. As at 31 October 2017, Beaufort Homes had gross assets of £25,444 and net liabilities of £13,216.

The founders of Beaufort Homes

The founders of Beaufort Homes are:

Dan Stocks, aged 44

Dan has a diploma in Urban Property Surveying and a degree in Building Surveying from Kingston University. From 1997, Dan spent four years with a large southwest London estate agency where he managed a portfolio of up to £20 million of properties. In 2001, Dan joined a large multi-disciplinary firm of surveyors in the West End, where his responsibilities included procuring and awarding large "JCT Design and Build" contracts for new build and refurbishment developments. Dan became a professional member of the Royal Institution of Chartered Surveyors in 2002.

At Beaufort Homes, Dan is responsible for construction procurement, contracts and developments, and will also be responsible for management of the completed buildings.

On completion of the Acquisition, Dan will join the Board of the Company as an executive director with responsibility for Beaufort Homes' property construction and the ongoing maintenance of the completed properties. He will enter into a new service agreement with Beaufort Homes, for an initial period of one year and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £60,000.

Paul Treadaway, aged 67

Paul has over 35 years' experience in residential construction and development. His career began as site agent for a number of well-known house builders. He has held executive roles in a number of companies, including Taylor Woodrow and Kent Homes, dealing with private and social housing.

In 1996, Paul founded Wren Extra Care plc, which was subsequently admitted to trading on AIM in 2006, specialising in the retirement sector and in the emerging assisted living market. Paul resigned from Wren Extra Care plc in 2010.

On completion of the Acquisition, Paul will continue in his existing role within Beaufort Homes, with responsibility for land acquisition. He will enter into a new service agreement with Beaufort Homes, for an initial period of one year and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £60,000.

4. Further details of the Acquisition Agreement

Under the Acquisition Agreement, the Company has agreed to purchase the entire issued share capital of Beaufort Homes in consideration for the issue of the Consideration Shares to the Sellers, credited as fully paid up. At the closing mid-market price of an Existing Ordinary Share of 0.82p on 23 February 2018, being last practicable day before the Acquisition Agreement was entered into, this values Beaufort Homes at £1.53 million. The Acquisition Agreement is conditional, inter alia, upon the grant of the Rule 9 Waiver and upon the passing by Shareholders of the Resolutions (apart from resolution 3) at the General Meeting and upon Admission.

Certain warranties and indemnities upon Beaufort Homes and its assets have been given to the Company by the Sellers.

Pursuant to the Acquisition Agreement, each of Dan Stocks and Paul Treadaway have agreed not to dispose of any of the Consideration Shares for a period of one year from Admission and thereafter to adhere to orderly market restrictions upon any disposals for a further year, save in certain limited circumstances.

5. Information on the Company, current trading and prospects

The Company trades through its wholly owned operating subsidiary, Combe Bank Homes. Combe Bank Homes is a regional property developer focused upon Kent, Surrey, Sussex and the M25 ring south of London.

The Company currently has two sites under construction and building work is now fully complete on the following three other sites: Edenbridge, Kent (three terraced houses); Hildenborough, Kent (two substantial detached houses); and Burnside, Royal Tunbridge Wells, Kent (six apartments).

The Company has completed the sale of one of the three houses at Edenbridge and interest is being shown in the other two houses.

At the Hildenborough development, both of the detached houses have been completed and one has been sold subject to contract at a price of £900,000.

The Tunbridge Wells apartments are on the market with Savills. The penthouse apartment has been sold for £580,000.

On the two sites that are currently under construction, building work is nearing completion on the executive detached house at Speldhurst, Royal Tunbridge Wells, Kent, and which is anticipated to be put on the market in April 2018, and the build on the six townhouses in Sheerness, Kent is scheduled for completion in May 2018.

For the financial year ending 31 March 2018, the Company expects contributions from sales at the Edenbridge and Burnside sites, but with the bulk of the sales on the five sites contributing to the financial results for the year ending 31 March 2019.

6. Strategy of the Enlarged Group

Following completion of the Acquisition, it is intended that Combe Bank Homes and Beaufort Homes will be run as distinct businesses. Combe Bank Homes will continue to develop residential properties in the South East of England and Beaufort Homes will continue to expand its land bank and development sites through the identification of suitable land for assisted living schemes, securing the land through option agreements and obtaining planning permission.

Combe Bank Homes strategy

Combe Bank Homes will continue to consider development opportunities in its chosen area of operation, to further its residential development activity.

In addition to the continued development of the sites set out in paragraph 5 above, Combe Bank Homes also has a strategic site at Staplehurst, Kent under option. The Directors consider that this site still presents an interesting opportunity and the planning focus is now on achieving planning permission for an extra care or assisted living scheme on the site. A formal planning application is expected to be made in the near future.

Demand for new housing in the South East remains strong and continues to benefit from the Government's Help to Buy scheme. Whilst the uncertainty over the UK's future relationship with the EU may impact parts of the market, the Directors believe that the pressure to increase housing stock in the southeast of England is likely to open up opportunities to bring strategic land through the planning process. The Directors believe that areas without an up to date local plan or with insufficient land supply offer the greatest potential. With the support of the range of measures to encourage house building set out in the recent Government budget, the Company is seeking to take advantage of the opportunities that present themselves.

Beaufort Homes strategy

Of the option agreements that Beaufort Homes has secured, a planning application has been submitted by Beaufort Homes on one site for residential redevelopment, and a "pre-app" process has been started for assisted living schemes for its proposed two larger sites, prior to the submission of formal planning applications. Further sites are under consideration, with negotiations ongoing with property owners to enter into option agreements with Beaufort Homes.

Beaufort Homes' management has more than 50 years' experience in land assembly, housing developments, construction and the growing assisted living/extra care market. The Enlarged Group will specialise in the identification of suitable sites within the M25 corridor and land opportunities in the affluent towns and villages of the South East of England.

The Enlarged Group will have a dedicated land department to identify further suitable sites, approach land owners and agree a nominal option fee with each owner. The Enlarged Group will then apply for planning and, when successful and if appropriate, will exercise its option.

Typically, each assisted living scheme is expected to consist of 50-80 one and two-bedroom apartments, close to shops, transport and local amenities. The approach to securing the land through option agreements for development aims to minimise any potential financial and other risks to the Enlarged Group if market conditions falter.

The Directors believe the Enlarged Group will have the capacity within its existing management and network to significantly increase its development pipeline of assisted living schemes and grow the Company organically. This will not, however, preclude the Enlarged Group accelerating profitability by selective acquisitions that would integrate with, and add significant value to, the long-term aspirations of the Enlarged Group.

The development of the three schemes currently planned by Beaufort Homes will be subject to the Enlarged Group securing additional funding. The Enlarged Group will be able to progress planning permission on these schemes to conclusion but will require further funding to exercise the options over sites held by Beaufort Homes. This funding may be secured as debt or equity, or a combination of the two. Negotiations for the provision of

funding to facilitate the proposed development activities have already commenced. The Company has appointed Holmes Property Ventures Limited to advise on funding structures and to use its reasonable endeavours to procure funding for the Enlarged Group following the Acquisition. The Company is exploring the issue of a bond which would be traded on the NEX Exchange or another market and is also in discussions with a potential investor for the financing of the two current assisted living schemes. Further announcements on these initiatives will be made in due course. There can be no guarantee that the Enlarged Group will be able to secure further funding on terms that are acceptable to the Group or at all.

7. The Panel and the Takeover Code

The purpose of the Panel is to supervise and regulate takeovers and other matters to which the Takeover Code applies. The Takeover Code is issued and administered by the Panel. The Company is a company to which the Takeover Code applies and as such its shareholders are therefore entitled to the protections afforded by the Takeover Code.

The Company is subject to the requirements of Rule 9 of the Takeover Code, which requires that any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code will normally be required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with any persons acting in concert with him, is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of such a company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person, or any person acting in concert with him.

An offer under Rule 9 of the Takeover Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company acquired during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement, arrangement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or to frustrate the successful outcome of, an offer for a company subject to the Takeover Code. "Control" means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

The Sellers are presumed to be acting in concert for the purposes of the Takeover Code. Further details of the Sellers, being Paul Treadaway and Dan Stocks, are set out in paragraph 3 of this letter.

Rule 9 Waiver

The Sellers are not currently interested in any Ordinary Shares, but if the Resolutions are passed at the General Meeting and following completion of the Acquisition and on Admission, the Sellers would hold an aggregate interest in 186,815,190 Ordinary Shares, representing in aggregate 43.94 per cent. of the Enlarged Share Capital. The Seller's aggregate interest would be more than 30 per cent. of the Enlarged Share Capital, and as such would prompt a mandatory offer under Rule 9 of the Takeover Code.

Under Note 1 of the Notes on Dispensations from Rule 9 of the Takeover Code, the Panel may waive the requirement for a general offer to be made in accordance with Rule 9 of the Takeover Code if, *inter alia*, those shareholders of the company who are independent of the person who would otherwise be required to make an offer, and any person acting in concert with him ("**Independent Shareholders**"), pass an ordinary resolution on a poll at a general meeting or by way of a written resolution ("**Whitewash Resolution**") approving such a waiver. Under Note 5 of the Notes on Dispensations from Rule 9 of the Takeover Code, the Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Takeover Code) if Independent Shareholders holding

more than 50 per cent. of the Company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to Shareholders at a general meeting.

The Company has obtained confirmation in writing (in the form set out in Part 2 of this document) from Christopher Johnson, the CEO of the Company and holder of 186,815,190 Ordinary Shares, being 78.40 per cent. of the Company's shares being capable of being voted on such a resolution, that he would vote in favour of the Whitewash Resolution were such a resolution to be put to Shareholders at a general meeting. The Company has subsequently approached the Panel and, in accordance with Note 5 of the Dispensations from Rule 9 of the Takeover Code, successfully obtained its permission to waive the requirement for a Whitewash Resolution to be considered at a general meeting and has also now received the Panel's confirmation that the Panel has granted a waiver of the obligation on the Sellers to make a general offer under Rule 9 of the Takeover Code to the extent that such obligation would otherwise arise as a result of the issue of the Consideration Shares.

The Seller's current shareholdings as at the date of this document and their maximum potential shareholding on Admission, assuming all Resolutions are passed, will be as follows:

	<i>Ordinary Shares held at the date of this document</i>	<i>Consideration Shares to be issued on Admission</i>	<i>Total holding of Ordinary Shares on Admission</i>	<i>Percentage of Enlarged Share Capital on Admission</i>
Paul Treadaway	-	106,484,658	106,484,658	25.04
Dan Stocks	-	80,330,532	80,330,532	18.89
Total	-	186,815,190	186,815,190	43.94

As the Ordinary Shares which the Sellers would then be interested in together carry 30 per cent. or more of the voting rights in the Company and not more than 50 per cent of the voting rights in the Company, no member of the Sellers could acquire an interest in any further shares carrying voting rights in the Company without being subject to the provisions of Rule 9 of the Takeover Code. The Rule 9 Waiver will not prevent the Sellers or any member of the Concert Part from making an offer under the Takeover Code for the Ordinary Shares not already owned by them or persons connected with them.

8. Interests of the Directors and Proposed Director in Ordinary Shares

The following table sets out the interests of the Directors and the Proposed Director in Ordinary Shares on completion of the Acquisition on Admission:

	<i>Existing Ordinary Shares held at the date of this document</i>	<i>Consideration Shares to be issued on Admission</i>	<i>Total holding of Ordinary Shares on Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Christopher Johnson	186,815,803	-	186,815,803	43.94
James Dubois	1,500,000	-	1,500,000	0.35
Alex Johnson	1,868	-	1,868	0.00
Norman Lott	500,000	-	500,000	0.12
Dan Stocks	-	80,330,532	80,330,532	18.89
Total	188,817,671	80,330,532	269,148,203	63.30

9. Share Reorganisation

The Companies Act 2006 prohibits the Company from issuing shares at a price below their nominal value. As the current market price of Ordinary Shares on AIM is below their current nominal value of 1p per ordinary share, it is proposed that each of the Existing Ordinary Shares of 1p be subdivided into one Ordinary Share of 0.1p and one Deferred Share of 0.9p, such Deferred Shares having the rights and being subject to the restrictions attached to them as set out in Resolution 2 in the Notice of

General Meeting set out at the end of this document. The Share Reorganisation is not intended to change the market price of Ordinary Shares on AIM.

The Deferred Shares will not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company, or to receive any dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the Deferred Shares shall be entitled to receive an amount equal to the nominal amount paid up thereon, but only after the holders of Ordinary Shares have received £100,000 per Ordinary Share. The holders of Deferred Shares are not entitled to any further right of participation in the assets of the Company. The Company shall have the right to purchase the Deferred Shares in issue at any time for no consideration. As such, the Deferred Shares effectively have no value. Share certificates will not be issued in respect of the Deferred Shares, and they will not be admitted to trading on AIM or any other market.

The ISIN for the Existing Ordinary Shares is GB00B0SP7491 and will not change as a result of the Share Reorganisation.

10. Proposed change of name

Following the Acquisition, there will be two distinct business divisions of the Enlarged Group. It is proposed that the name of the Company be changed to "Trafalgar Property Group plc", to reflect its position as the parent company of the Enlarged Group. The Enlarged Share Capital will continue to trade under the AIM Symbol "TRAF" following the change of name.

11. General Meeting

A General Meeting of the Company will be held at the offices of Allenby Capital Limited, 5 St. Helen's Place, London EC3A 6AB at 10.00 a.m. on 16 March 2018, at which the following resolutions will be proposed:

- (a) Resolution 1: an ordinary resolution to approve the Share Reorganisation;
- (b) Resolution 2: a special resolution to approve the amendment of the Articles of Association to include the rights attaching to the Deferred Shares;
- (c) Resolution 3: a special resolution to approve the change of name of the Company to Trafalgar Property Group plc;
- (d) Resolution 4: an ordinary resolution to change the Directors' general authorities to allot securities under section 551 CA 2006; and
- (e) Resolution 5: a special resolution to change the Directors' authorities to allot securities for cash under section 570 CA 2006.

The Directors currently have authority to allot securities both generally and for cash up to an aggregate nominal value of £1,190,900 generally, and £370,000 for cash, until the annual general meeting to be held in 2018. Following the Share Reorganisation, it is appropriate that these authorities should be reduced, and it is proposed that the Directors should be authorised to allot securities generally for up to an aggregate nominal value of £506,000, and to allot securities for cash up to an aggregate nominal amount of £191,000. The general authority will be used as to £186,815.19 in nominal value in connection with the Acquisition. Both authorities will allow for the issue of securities for up to approximately £106,000 in nominal value to advisers in connection with any successful fundraising as referred to in paragraph 6 above and will provide residual authorities equivalent to approximately 50% of the Enlarged Share Capital generally and 20% of the Enlarged Share Capital for issues for cash.

Shareholders should note that if any of the Resolutions are not passed (apart from resolution 3), the Acquisition will not occur.

12. Action to be taken by Shareholders

Shareholders will find enclosed with this document a form of proxy for use at the General Meeting, which should be returned by no later than 10.00 a.m. on 14 March 2018 for the General Meeting to be held on 16 March 2018.

Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the form of proxy to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible but, in any event, so as to arrive by no later than 48 hours before the time and date of the meeting. The completion and return of a form of proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

13. Irrevocable Undertakings

The Directors have given irrevocable undertakings to the Company to vote in favour of all the Resolutions in respect of their own beneficial holdings of, in aggregate, 188,817,671 Ordinary Shares, representing 79.21 per cent. of the current issued ordinary share capital of the Company.

14. Recommendation

The Directors consider the Acquisition to be in the best interests of the Shareholders and the Company as a whole. Accordingly, the Directors, who consider the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and its Shareholders as a whole, unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of the 188,817,671 Ordinary Shares (representing approximately 79.21 per cent. of the issued share capital) held in aggregate by them.

LETTER IN RELATION TO THE RULE 9 WAIVER

The Takeover Panel
10 Paternoster Square
London
EC4M 7DY

Dear Sirs

RE: TRAFALGAR NEW HOMES PLC ("THE COMPANY")

Introduction

I, Christopher Charles Johnson, confirm that I have been made aware of the proposed transaction whereby the Company has conditionally agreed to acquire the entire issued share capital of Beaufort Homes Limited in consideration for the issue of 186,815,190 new ordinary shares in the Company ("the Proposed Transaction").

Rule 9 of the Takeover Code

I understand that, under Rule 9 of the Takeover Code ("the Code"), if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30% or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

I also understand that Rule 9 also provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company which is subject to the Code but does not hold shares carrying more than 50% of such

voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

Proposed transaction

I understand that, in connection with the Proposed Transaction the vendors of Beaufort Homes, being Paul Treadaway and Daniel Stocks (the "Vendors"), would be issued with a total of 186,815,190 ordinary shares in the Company, representing approximately 43.94 per cent. of the as enlarged share capital of the Company, and as the Vendors do not currently hold any ordinary shares in the Company, this would represent their aggregate maximum shareholding and voting rights in the Company on completion of the Proposed Transaction. The Proposed Transaction is subject to, *inter alia*, the passing of resolutions at a general meeting of shareholders to provide the directors of the Company with authorities under the Companies Act 2006 to allot securities.

Waiver of Rule 9 obligation

I understand that, under Note 1 on the Notes on the Dispensations from Rule 9, the Takeover Panel ("the Panel") will normally waive the requirement for a general offer to be made in accordance with Rule 9 (a "Rule 9 offer") if, *inter alia*, those shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him and do not have any interest in the proposed transaction which may compromise their independence ("the Independent Shareholders") pass an ordinary resolution on a poll at a general meeting ("a Whitewash Resolution") approving such a waiver. I also understand that the Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50% of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the shareholders of the company at a general meeting.

Confirmations and Acknowledgements

I hereby confirm the following:

1. that I am the beneficial owner of 186,815,803 ordinary shares in the issued share capital of the Company, representing 78.40% of the Company's issued share capital carrying voting rights, and I have absolute discretion over the manner in which these shares are voted. These shares are held free of all liens, pledges, charges and encumbrances;
2. that (a) save for the fact that following the Proposed Transaction we will both be shareholders in the Company, there is no connection between me and the Vendors, (b) I do not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the Proposed Transaction, and (c) I am an Independent Shareholder of the Company as defined above; and
3. that, in connection with the Proposed Transaction:
 - (a) I consent to the Panel granting a waiver from the obligation for the Vendors to make a Rule 9 offer to the shareholders of the Company;
 - (b) subject to Independent Shareholders of the Company holding more than 50% of the shares capable of being voted on a Whitewash Resolution to approve the waiver from the obligation for the Vendors to make a Rule 9 offer giving confirmations in writing in a similar form to this letter, I consent to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Whitewash Resolution being approved by Independent Shareholders of the Company at a general meeting; and

- (c) I would vote in favour of a Whitewash Resolution to waive the obligation for the Vendors to make a Rule 9 offer were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, I acknowledge:

1. that, if the Panel receives such confirmations from Independent Shareholders of the Company holding more than 50% of the shares capable of being voted on a Whitewash Resolution, the Panel will approve the waiver from the obligation for the Vendors to make a Rule 9 offer without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting;
2. that if no general meeting is held to approve the Whitewash Resolution to waive the obligation for the Vendors to make a Rule 9 offer:
 - (a) there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company;
 - (b) there will not be an opportunity for other shareholders in the Company to make known their views on the Proposed Transaction; and
 - (c) there will be no requirement for the Company either (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Code on the Proposed Transaction and the waiver of the obligation for the Vendors to make a Rule 9 offer or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Code in connection with this matter.

I consider myself to be a sophisticated investor in relation to equity investments. I confirm that I have had the opportunity to take independent financial advice before signing this letter.

I confirm that I will not sell, transfer, pledge, charge, or grant any option or other right over, or create any encumbrance over, or otherwise dispose of my shares in the Company until after the conclusion of the proposed general meeting to approve the Proposed Transaction.

Yours faithfully

Christopher Charles Johnson

Date: 26 February 2018

SHARE CAPITAL AND STATISTICS

Number of Existing Ordinary Shares at the date of this document	238,375,190
Number of New Ordinary Shares in issue following the Share Reorganisation	238,375,190
Number of Consideration Shares	186,815,190
Enlarged Share Capital following the Acquisition	425,190,380
Consideration Shares as a percentage of the Enlarged Share Capital	43.94%

DEFINITIONS

“ Acquisition ”	the proposed acquisition of Beaufort Homes Limited on the terms of the Acquisition Agreement;
“ Acquisition Agreement ”	the conditional share purchase agreement dated 26 February 2018 entered into between the Company and the Sellers, the terms of which are summarised in paragraph 4 of Part I of this

	document;
“AIM”	the market of that name operated by London Stock Exchange plc;
“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange plc from time to time;
“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
“Allenby”	Allenby Capital Limited;
“Beaufort Homes”	Beaufort Homes Limited;
“Board” or “Directors”	the board of directors of the Company;
“CA 2006”	the Companies Act 2006, as amended;
“Combe Bank Homes”	Combe Bank Homes Limited, a company incorporated in England and Wales and with company number 06003791;
“Company” or “Trafalgar”	Trafalgar New Homes plc, a company incorporated in England and Wales and with company number 04340125;
“Consideration Shares”	the 186,815,190 New Ordinary Shares to be issued to the Sellers pursuant to the Acquisition;
“CREST”	the electronic settlement system for UK and Irish securities operated by Euroclear UK & Ireland Limited;
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended;
“Deferred Shares”	the deferred shares of 0.9p each of the Company to be created pursuant to the Share Reorganisation;
“Enlarged Group”	the Group as enlarged by the Acquisition;
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following the Acquisition, comprising the New Ordinary Shares and the Consideration Shares;
“Existing Ordinary Shares”	the 238,375,190 Ordinary Shares of 1p each in the capital of the Company in issue as at the date of this document;
“form of proxy”	the form of proxy accompanying this document for use by Shareholders at the General Meeting;
“General Meeting”	the general meeting of the Company to be held on 16 March 2018, notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries;
“ISIN”	International Security Identification Number
“LEI”	Legal Entity Identifier;
“New Ordinary Shares”	the 238,375,190 ordinary shares of 0.1p each in the capital of the Company in issue immediately following the Share Reorganisation;
“Ordinary Shares”	the ordinary shares in the capital of the Company from time to time;
“Panel”	the Panel on Takeovers and Mergers;
“Proposed Director”	Daniel Stocks, who is also a Seller;
“Record Date”	6.00 p.m. on 16 March 2018 (or such later date as the Directors may determine and communicate to Shareholders by an appropriate announcement to a Regulatory Information Service)

	being the date by reference to which the Share Reorganisation is calculated;
“Regulatory Information Service”	any information service authorised from time to time by the UK’s Financial Conduct Authority for the purpose of disseminating regulatory announcements;
“Resolutions”	the resolutions which are set out in the notice of General Meeting;
“Rule 9 Waiver”	the waiver by the Panel of any obligation which would otherwise be imposed on the Sellers under Rule 9 of the Takeover Code, as a result of the issue of the Consideration Shares to the Sellers;
“Sellers”	the sellers of Beaufort Homes, further details of which appear in paragraph 7 of Part 1 of this document;
“Shareholders”	the holders of Ordinary Shares from time to time;
“Share Reorganisation”	the proposed subdivision of each Ordinary Share of 1p into one Ordinary Share of 0.1p and one deferred share of 0.9p;
“Takeover Code”	the City Code on Takeovers and Mergers;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies; and
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.